

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

ALOHA!

Subject: Retirement Application Packet (***Hybrid Plan***)

Congratulations on your planned retirement! This packet has been designed so that you can receive accurate and timely retirement pension payments and includes the following:

1. Service Retirement Application and Instructions (tan)
2. Federal Tax Withholding Certificate (white)
3. Choosing the Best Retirement Option for You! (pink)
4. Spousal/Reciprocal Beneficiary Notification Form (white)

Please do the following:

1. Complete the Service Retirement Application accurately – refer to the instruction sheet (tan) to help you complete the form. An explanation of the Retirement Options is on the back of the form.
2. Bring the completed Service Retirement Application (white/canary) and the requested documents with you to your appointment. If you are not scheduling an appointment, please return the Retirement Application in the self-addressed return envelope with the requested documents.

Please note:

1. Your desired retirement date must be the 1st day of any month or the 31st day of December.
2. You can submit your Retirement Application as early as 150 days before your retirement date but not later than 30 days before your retirement date.

Should you need any further assistance, please contact our Claims and Benefits Branch at (808) 586-1735.

Very truly yours,

David Shimabukuro
Administrator

Enclosures

EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII

201 MERCHANT STREET, SUITE 1400, HONOLULU, HAWAII 96813-2980

Phone: (808) 586-1735 or Neighbor Island: Hawaii 974-4000, ext. 61735, Maui: 984-2400, ext. 61735, Kauai: 274-3141, ext. 61735

Molokai/Lanai: 1-800-468-4644, ext. 61735

SERVICE RETIREMENT APPLICATION
(Hybrid Plan)

To the Board of Trustees:

Date _____, 20____

In accordance with the provisions of law governing the operation of the Employees' Retirement System (ERS) of the State of Hawaii, the undersigned, a member of ERS, hereby applies for retirement from active service.

I. PERSONAL DATA: (Please print or type)

Name: _____ Social Security Number: _____

LAST FIRST MIDDLE

Mailing or PO Box Address: _____
STREET APT. NO. CITY STATE ZIP CODE

Retirement Date: ____/____/____ Date of Birth: ____/____/____ Marital Status: ☐ Single ☐ Married
MONTH DAY YEAR MONTH DAY YEAR

Position or Job Title/ Department/Division or School: _____

Employer: (Check one) ☐ State of Hawaii ☐ County of _____ ☐ Board of Water Supply

Deposit Check to: Financial Institution Name: _____

☐ Checking (attach voided check) ☐ Savings (attach deposit slip) Account No. _____

Daytime Phone: _____ Home Phone: _____ Cellular Phone: _____

II. RETIREMENT OPTIONS: (Select one only)

I read the information on the back of this application and select the following retirement option:

____ Maximum Allowance ____ Option One ____ Option Two (100% Survivor) ____ Option Three (50% Survivor)

Refund options are available to members with at least 10 years of credited service.

____ Option Four (Five & _____) Refunds: ____ Pre-1987 Nontaxable contributions ____ 50%

____ Option Five

III. BENEFICIARY DESIGNATION: A beneficiary should be designated for all options, however, only one beneficiary may be designated for options Two, Three, Four (5 & 2) and Four (5 & 3). Multiple beneficiaries, a trust, or an estate may be designated for all other options

Name: _____ Social Security Number: _____

LAST FIRST MIDDLE

Relationship: _____ Date of Birth: ____/____/____
MONTH DAY YEAR

IV. SIGNATURE: This application must be signed in the presence of an ERS representative or a Notary Public.

Signed _____ Date _____ ERS Representative _____

State of Hawaii _____)
County of _____) SS.

On the ____ day of _____, 20____ personally appeared before me the said named _____
to me known to be the person described in and who executed the foregoing instrument
and who acknowledged such execution as being a free and voluntary act and deed.

Affix your
official seal

Notary Public _____

My commission expires _____

(SEE REVERSE FOR INFORMATION)

WHITE – ERS Copy

CANARY – Member's Copy

Retirement Information
(Hybrid Plan)

AN APPLICATION FOR RETIREMENT MUST BE RECEIVED IN THE ERS OFFICE OR NEIGHBOR ISLAND LIAISON OFFICES NOT MORE THAN 150 DAYS BEFORE AND NOT LESS THAN 30 DAYS BEFORE THE RETIREMENT DATE. YOUR RETIREMENT MUST BEGIN ON THE 1ST DAY OF A MONTH OR THE 1ST OR 31ST DAY OF DECEMBER.

A choice of retirement option should be made at the time an application for retirement is filed. The retirement option can be changed prior to the effective date of retirement. Any option selection shall be irrevocable upon the effective date of retirement.

RETIREMENT OPTIONS

MAXIMUM ALLOWANCE	The highest lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid the difference between the value of the retiree's contributions at the time of retirement and the retirement allowance paid prior to death.
OPTION ONE	A reduced lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid the difference between the initial insurance reserve and the retirement allowance paid prior to death.
OPTION TWO (100% SURVIVOR)	A reduced lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid the same monthly allowance plus any cumulative post retirement increases for life. Should the designated beneficiary predecease the retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.
OPTION THREE (50% SURVIVOR)	A reduced lifetime pension for the retiree and in the event of death, the designated beneficiary will be paid one-half of the monthly allowance plus any cumulative post retirement increases for life. Should the designated beneficiary predecease the retiree, the retiree's reduced pension converts to the Maximum Allowance. Another beneficiary cannot be named and all payments will terminate upon the death of the retiree.
OPTION FOUR (FIVE & MAXIMUM)	Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of the Maximum Allowance, in the event of the retiree's death, the designated beneficiary will be paid the difference between the value of the retiree's contributions at the time of retirement and the retirement allowance paid prior to death.
OPTION FOUR (FIVE & ONE)	Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option One, in the event of the retiree's death, the designated beneficiary will be paid the difference between the initial reserve and the retirement allowance paid prior to death.
OPTION FOUR (FIVE & TWO) (100% SURVIVOR)	Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option Two, in the event of the retiree's death, the designated beneficiary will be paid the same monthly allowance plus any cumulative post retirement increases for life. Should the designated beneficiary predecease the retiree, the retiree's reduced pension converts to the corresponding Option Four variation of the Maximum Allowance with the same refund amount. Another beneficiary cannot be named and all payments will terminate at the death of the retiree.
OPTION FOUR (FIVE & THREE) (50 % SURVIVOR)	Withdrawal of the nontaxable pre-1987 contributions or 50% of the accumulated contributions, and a reduced lifetime monthly pension. As in the case of Option Three, in the event of the retiree's death, the designated beneficiary will be paid one-half of the monthly allowance and any cumulative post retirement increases for life. Should the designated beneficiary predecease the retiree, the retiree's reduced pension converts to the corresponding Option Four variation of the Maximum Allowance with the same refund amount. Another beneficiary cannot be named and all payments will terminate at the death of the retiree.
OPTION FIVE	A refund of all accumulated contributions (includes interest) as well as a monthly pension provided by the government's contributions. In the event of death, there are no beneficiary benefits.

BENEFITS PAYABLE IF DEATH OCCURS AFTER FILING RETIREMENT APPLICATION OR WITHIN THE FIRST YEAR OF RETIREMENT

Should death occur after filing an application or within the first year of retirement, the designated beneficiary may elect to receive the survivor benefit for the option selected by the member, or one of the following benefits less any payments made to the retiree.

1. Option Two

The designated sole or primary beneficiary may elect to receive the allowance which would have been payable had the member retired and elected Option Two.

2. Lump Sum Payment

A benefit consisting of the return of the member's accumulated contributions plus 50% of the member's Hybrid Plan contributions and interest.

Instructions For Completing Service Retirement Application – Form 18-H (Hybrid Plan)

An application for retirement must be received in the Employees' Retirement System (ERS) office as early as 150 days before but not less than 30 days before the retirement date. Your retirement date must be the 1st of the month except for December when retirement can be either the 1st or the 31st of the month. It cannot be the same day as your last day of work.

The following instructions will help you complete the application form. Return the original for to the ERS office. Please call the ERS Honolulu office at (808) 586-1735 if you need further assistance.

I. PERSONAL DATA

Name: Last, first, and middle name.

Social Security Number: Your 9-digit number.

Mailing or PO Box Address: Address for the receipt of ERS mail. (Note: Any change in your mailing address must be reported to the ERS in writing to ensure proper delivery of notices, statements, and tax forms to you).

Retirement Date: Your retirement date must be the 1st day of a month or the 1st or 31st day of December. It cannot be the same day as your last day of work.

Date of Birth: The month, day, and year of your birth. Please provide both the original document and a photocopy of it for birth date verification. Acceptable documents include:

- Certified copy of your birth certificate; or
- Original baptismal certificate recorded before age five; or
- Written verification from Social Security if you are age 62 or over.

If one of the above is not available, submit any two of the following:

- Original baptismal certificate/religious record with birth date or age and recorded after age five
- Valid Hawaii driver's license
- Hawaii State Identification card
- Passport
- Foreign passport with birth date or age
- Marriage record with birth date or age
- Naturalization record with birth date or age
- Voter registration record
- Census record
- Military record with birth date or age
- Hospital treatment record with birth date or age
- Life insurance policy
- Elementary school record
- Child's birth certificate with age of member/parent

Position or Job Title/Department/Division or School: Your position or job title, the name of the Department and/or Division you are employed with, and/or the name of the school where you work.

Employer: Check off whether you work for the State, County (identify which County), or Board of Water Supply.

Check Address: Name of Financial Institution where you want your monthly pension checks to be deposited. Specify whether it's a checking account (attach voided check) or savings account (attach deposit slip), and provide the account number. Checks will be sent to your Mailing or PO Box Address (approximately 2 pay periods) before the direct deposit into your financial institution is activated. You will receive a monthly pension, which will be paid at the end of each month.

Daytime/Home/Cellular Phone: Enter the appropriate number for each.

II. RETIREMENT OPTIONS

Carefully read the information on the back of the application form. Select only one retirement option.

If you select Option Four, you must specify:

- The combination you wish: Option Four (Five & Maximum), Option Four (Five & One), Option Four (Five & Two), or Option Four (5 & 3).
- Amount of refund (Choose only one).

You should select an option at the time you file your retirement application. You may change your option at any time **prior** to your retirement date. Option changes are **not allowed** once your retirement is effective.

III. BENEFICIARY DESIGNATION

List your beneficiary's name, social security number, their relationship to you, and their date of birth. If you select an option that allows designation of multiple beneficiaries, provide the Social Security number of the first beneficiary. Also, clearly indicate the proportionate share each beneficiary should receive. For example, "In equal shares or to whomever survives;" or if a contingent beneficiary is named, "In the event of death, to..."

If you select Options Two, Three, Four (Five & 2) or Four (Five & 3), you must provide verification of your beneficiary's birth date. (Please refer to the list of acceptable documents on the front page of these instructions).

IV. TAXES

Your retirement benefits are subject to Federal income taxes only. They are exempt from any State taxes. You must complete a Federal Tax Withholding Certificate (Form EC&B-123B) prior to retirement. The ERS will issue a 1099-R for your future income tax filing.

Federal Tax Withholding Certificate:

Monthly Pension:

Check "NO" if you **DO NOT** want ERS to withhold Federal income taxes from your monthly checks.

Check "YES" if you **DO** want ERS to withhold Federal income taxes from your monthly checks. Indicate your marital status, and provide the number of exemptions or dollar amount for this withholding. If you specify a dollar amount, this amount will be withheld from each monthly pension check.

Changes to your monthly withholding can be made after your retirement date by filing a written notice to the ERS.

Refund of Contributions:

You are able to rollover the taxable portion of Option Four or Option Five refunds and other eligible refunds you receive from the ERS. Any taxable portion of the Option Four or Five refund not rolled over, is subject to a mandatory minimum Federal income tax withholding of 20%. Carefully review the enclosed Employee's Retirement System of the State of Hawaii Tax Information if you plan to choose either Option Four or Option Five.

If no Federal Tax Withholding Certificate is received prior to your retirement date, your retirement benefits will be processed with **NO** Federal income tax withholding from your monthly pension. The minimum 20% Federal income tax withholding will be withheld from your Option Four or Five refund.

V. SIGNATURE

You must sign the application in the presence of a Notary or an ERS representative. Your signature may be notarized at the ERS office or retirement filing session at no charge. However, appropriate identification is required.

NOTE: IF YOU ARE MAILING IN YOUR APPLICATION, PLEASE BE SURE ALL NECESSARY DOCUMENTS ARE ATTACHED. IDENTIFY EACH DOCUMENT WITH YOUR NAME AND SOCIAL SECURITY NUMBER.

EMPLOYEES' RETIREMENT SYSTEM
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813-2980

FEDERAL TAX WITHHOLDING CERTIFICATE

Name: _____ S. S. No.: _____ Retirement Date: _____

SECTION A. (Contributory/Noncontributory/Hybrid)

Complete this section for federal income tax withholding from your monthly pension. The ERS will not process your retirement pension until the following is completed.

_____ **Yes**, withhold federal taxes. Please complete both a) and b) for your withholding:

a) Number of allowances: _____ b) Marital Status (check one): _____ Single **OR** _____ Married

_____ **NO**, do not withhold federal taxes. (If you are a U.S. citizen and your pension is being mailed outside the United States, you **cannot** choose not to have income tax withheld.)

SECTION B. (Contributory/Hybrid only)

Complete this section for distribution of any taxable amount from the ERS that qualifies for rollover

Option 4 or 5 Refund

SELECT ONLY ONE (For Option 4 or 5 only)

Determination of
Estimated Taxable Portion

1) Option 4 or 5 refund	\$ _____
2) Non-taxable Contributions	- _____
3) Total	= \$ _____

1. _____ **NO ROLLOVER**

- . I do not want to rollover the taxable portion of my Option 4 or 5 refund payment or any other taxable amount.
- . By federal law, at least 20% of the taxable portion that is not rolled over must be withheld for federal income taxes. Therefore, please withhold: _____ % OR \$ _____ of the taxable portion of my Option 4 or 5 refund payment and any other taxable amount. (Note: 20% will be withheld if no percentage or dollar amount is indicated above.)

2. _____ **FULL ROLLOVER**

- . I want to rollover the entire taxable portion of my Option 4 or 5 refund payment, if applicable, as well as any other taxable amount to the institution listed below.

3. _____ **PARTIAL ROLLOVER**

- . I only want to rollover \$ _____ of the taxable portion of my Option 4 or 5 refund payment and any other taxable amount to the institution listed below.
- . By federal law, at least 20% of the taxable portion that is not rolled over must be withheld for federal income taxes. Therefore, please withhold: _____ % OR \$ _____ of the taxable portion of my Option 4 or 5 refund payment and any other taxable amount. (Note: 20% will be withheld if no percentage or dollar amount is indicated above.)

Rollover Qualified Plan (IRA) Information:

Institution: _____

Address: _____

Account Number: _____

The rollover check will be mailed to my address to be deposited into my qualified retirement account. I understand that if I do not provide the institution's name by my retirement date, the ERS will not be able to rollover or direct any funds. The ERS will also be required to withhold 20% of the taxable portion of the refund payment and any other taxable amount for federal income tax purposes.

Signature

Date

State of Hawaii
Employees' Retirement System

***Choosing the Best Retirement Option for You
(Hybrid)***

Every family's financial circumstances differ, so we recommend that you consider the following factors when selecting the option that is best for you.

Monthly Income

- Can you live on your pension income?
- Do you have any other source of income besides your pension (e.g., Social Security, investment income or a part-time job or business)?

Death Benefits

- Do you need to provide for someone after your death (e.g., spouse, dependent children, parents or siblings)? Will there be adequate income for your spouse if you die first? Will your beneficiary be protected for your lifetime regardless which option you choose?
- What is your current health status?
- If you have a serious illness, consider Options 1, 2, 3 or a combination of these options that provide survivor benefits.
- If you are a younger member in good health, Option 1 may not be appropriate because of the likelihood that you will outlive the insurance reserve (approximately 10 years). However, if your beneficiary is older than you are or is not in good health, Option 1 provides flexibility in allowing changes in your beneficiary designation if your beneficiary predeceases you after you retire.
- For survivor options, remember:
 - a. The younger the beneficiary the lower the monthly pension.
 - b. Delaying retirement may result in reduced monthly benefits depending on the age bracket factors.
- If your spouse has his/her own pension benefit, can he/she survive without your monthly pension if you should die first?
- Do you have sufficient life insurance if you choose an option without any death benefits? Are you still insurable considering your age and health?
- The Hybrid Plan provides benefits if your death occurs within the first year of retirement.

Refund of Contributions

The more you withdraw, the less your monthly pension will be.

Do you want/need a lump sum refund of your contributions?

Do you want to take advantage of the nontaxable feature?

Are you willing to pay the additional federal taxes if you withdraw more than your nontaxable portion? If not, consider a rollover of your refund into an IRA account.

Will you be in a higher tax bracket with the additional taxable contributions added to your current salary (in the year you retire)?

If a taxable refund option is selected, the estimated initial taxable refund payment or rollover amount is the balance in your account at the time the payment is made. The final balance of the taxable refund will be made or rolled over to your IRA account when your pension is finalized.

Do you have long range plans for your refund? Can you manage your investments wisely (or would you rather leave your contributions in for a higher monthly pension and leave the investment risks to the ERS)?

Post Retirement Increases

- You will receive an increase of 2.5% each July 1 starting with the calendar year after your retirement date.
- This increase is based on your original monthly pension and is not compounded.
- The higher your monthly pension, the higher your post retirement increase in dollars.

New Tax Law Allows Purchase of Service Credits Using Deferred Compensation (457) or Tax Sheltered Annuities (403b) Monies

A provision of the Federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) allows plans like ERS to accept monies from deferred compensation plans or tax sheltered annuity plans to purchase allowable service credits. The new law provides an additional source of monies for the purchase other than using the member's saving or taking out a loan. The effective date of this new provision is for purchases made on or after July 1, 2002.

There may be a tax benefit using differed compensation plans or tax sheltered annuity monies to purchase your eligible service credit. We recommend that you contact your financial or tax advisor to determine the best alternative for your situation.

You may contact the ERS for further information at 586-1735.

**EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII**

201 Merchant Street, Suite 1400

Honolulu, Hawaii 96813-2980

Phone: (808) 586-1735 or 1-800-468-4644 extension 61735 (neighbor islands)

SPOUSAL/RECIPROCAL BENEFICIARY NOTIFICATION FORM

In accordance with Act 182/2003, the Employees' Retirement System (ERS) of the State of Hawaii must furnish written notification to a member's spouse or reciprocal beneficiary (Legal partnership between two individuals who are prohibited from marriage under Hawaii Law), regarding a member's retirement.

In order to comply with this requirement, you must provide the ERS with information relating to relationship status. This form must be returned to our office prior to your retirement date; otherwise, your initial pension check may be delayed.

(Circle one)

Relationship Status: Married Single Reciprocal Beneficiary

If you circled married or reciprocal beneficiary, you must also provide the name and mailing address of your spouse or reciprocal beneficiary.

(Please print)

NAME:

MAILING ADDRESS:

I understand that:

- Notification can be waived if I selected option 2 or 3 (or combination thereof) or option A or B, and designated my spouse/reciprocal beneficiary as the primary beneficiary.
- My option selection shall not take effect unless I furnish the proper information.
- The ERS will rely on the information I have provided and will not be liable for any false statements.

Signature: _____ SSN: _____

Print Name: _____ Retirement Date: _____